

Quarterly Report

Period ended 30 September 2014

SENEX ENERGY LIMITED
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Share Registry
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ABOUT SENEX
Senex is a rapidly growing, independent oil and gas company focused on operating and developing valuable energy sources in Australia's Cooper, Eromanga and Surat Basins.

Senex generates revenue from its producing oil assets in the Cooper Basin and is actively exploring and developing its oil and gas assets across its extensive portfolio.

COMPETENT PERSON
Information about Senex's reserves and resources estimates have been compiled in accordance with the definitions and guidelines in the 2007 SPE PRMS by Mr James Crowley BSc (Hons) who is a full time employee of Senex and has consented to the inclusion of this information in the form and context in which it appears in this report.

PERFORMANCE SUMMARY

Martlet-1 Namur exploration success

- Martlet-1 encountered good oil shows in the target Namur reservoir and expected to commence production in December 2014
- Flow tested at the equivalent of 5,149 barrels of fluid and 2,596 barrels of oil per day on a short term test

Western Surat Gas Project

- Secured a material 100% owned Surat Basin gas project through our agreement with QGC JV to swap minority interests in eastern gas permits
- Focus on ramping up western Surat Basin appraisal and pilot programs

Solid production performance

- Oil production of 0.38 million barrels (**mmbbls**) for the quarter, on track to meet annual production guidance of 1.4+ million barrels of oil equivalent (**mmboe**), before exploration and appraisal success and any contribution from gas or gas liquids
- Second highest quarterly oil production after record result achieved in Q4 FY14 (0.43 mmboe) and 27% ahead of production achieved in corresponding period FY14

Oil revenue

- Oil revenue down 14.9% quarter on quarter to \$42.4 million on lower average oil price
- Average Australian dollar oil price of \$113 per barrel for the quarter

Strong cash position and no debt

- \$69.4 million cash balance, zero debt at 30 September 2014

PRODUCTION AND SALES

Corresponding period	Q1 2015	Q1 2014	Change
Production (mmbbls)	0.38	0.30	26.7%
Sales (mmbbls)	0.37	0.29	27.6%
Sales revenue (\$ million)	42.4	39.3	7.9%

Quarterly comparison	Q1 2015	Q4 2014	Change
Production (mmbbls)	0.38	0.43	(11.6%)
Sales (mmbbls)	0.37	0.42	(11.9%)
Sales revenue (\$ million)	42.4	49.8	(14.9%)

DELIVERING UNDER THE GROWTH ACCELERATION STRATEGY IN 2014/15

In August 2014 we reframed the long term growth opportunity that we see for Senex, describing our *Growth Acceleration Strategy* which paves the road ahead to FY18. Delivering under this strategy would see us reaching aspirational FY18 targets of net oil and gas production of 3-5 mmbœ and net 2P reserves of 100-150 mmbœ.

The Senex asset portfolio today consists of high quality and high equity operated assets. Our strategy for growth is simple: to deliver production and reserves growth across our portfolio, leveraging our financial strength and operating capability. Each update to the market is our opportunity to demonstrate our continuing focus on delivering against this strategy.

The announcement of the Surat Basin gas asset swap with the QGC JV is an excellent example. Under the agreement we swapped minority interests in two eastern Surat Basin permits for 100% positions in, and operatorship of, three western Surat Basin permits. Combining these new assets with our own existing western Surat Basin acreage gives Senex the scale required to build a material Surat Basin gas business on our own terms, and ultimately move these assets up the maturity curve to deliver material reserves and production to the company.

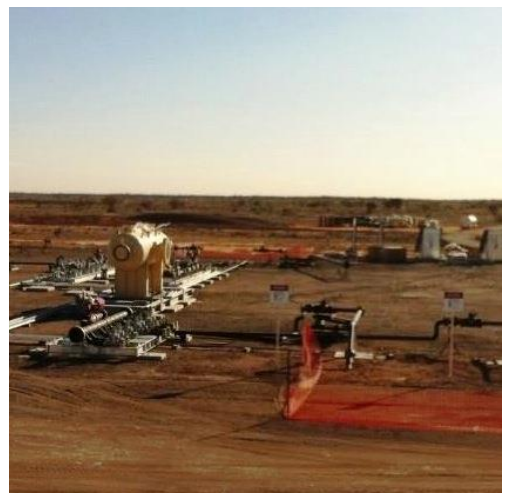
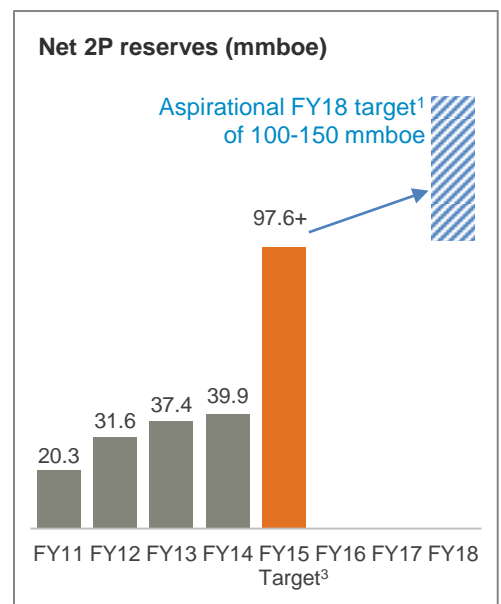
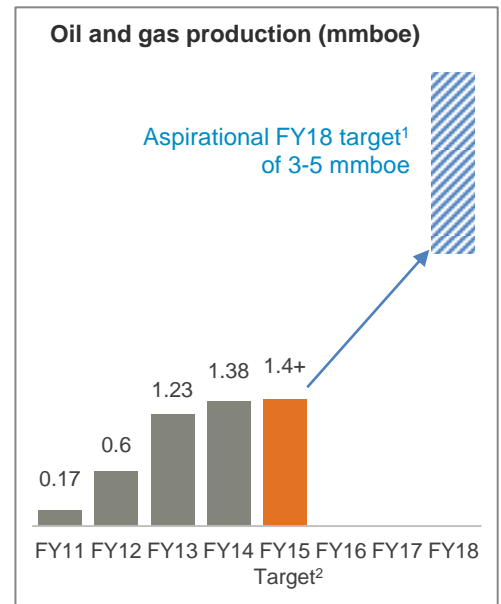
During the September quarter Senex has achieved a strong oil production result, our second highest on record, and delivered a new oil discovery in the Namur formation on the western flank of the Cooper Basin. As part of its 25+ well drilling program in 2014/15, Senex will drill a series of new wells across its Cooper Basin acreage, including an initial exploration campaign of up to eight wells in the under-explored northern Cooper Basin.

Senex continues to be in a strong financial position, with \$69 million of cash on the balance sheet and no debt. Our exploration and development program is fully funded by existing resources, and the quality and level of control over our assets provides real financial flexibility. This is of particular importance during periods of commodity pricing uncertainty such as the current trading environment. Rest assured that Senex remains responsive to these conditions by high grading capital projects and reducing operating costs and overheads.

We look forward to a year of growing production, maturing our growth projects and maintaining capital and cost efficiencies.



Ian Davies
Managing Director and CEO



Flow testing at Hornet gas field

1 Not market guidance
 2 FY15 production guidance of 1.4+ mmbœ
 3 Following increase from the QGC JV asset swap announced 10 September 2014

OIL BUSINESS

Oil production

Senex delivered net oil production of 0.38 mmbbls for the three months to 30 September 2014, down 12% on the previous quarter of record production, and up 27% on the corresponding period in FY14. Production in the September quarter was impacted by mechanical failure issues on key wells in the Growler and Acrasia fields. These wells are now back online with the problems having been successfully addressed through remedial workovers.

In addition, the production profile for the September quarter reflects the record number of new wells which were brought onto production during Q4 FY14 which have higher initial decline rates on average than mature producing wells. The decline rates on these wells have now improved as expected.

The September quarter provides a solid base for achieving the annual production guidance of 1.4+ mmboe, before oil exploration and appraisal success and any contribution from gas and gas liquids. Our Namur exploration success on Martlet-1 is expected to be online from December 2014, with this well flow testing at the equivalent of 5,149 barrels of fluid and 2,596 barrels of oil per day on a short term test.

Oil revenue

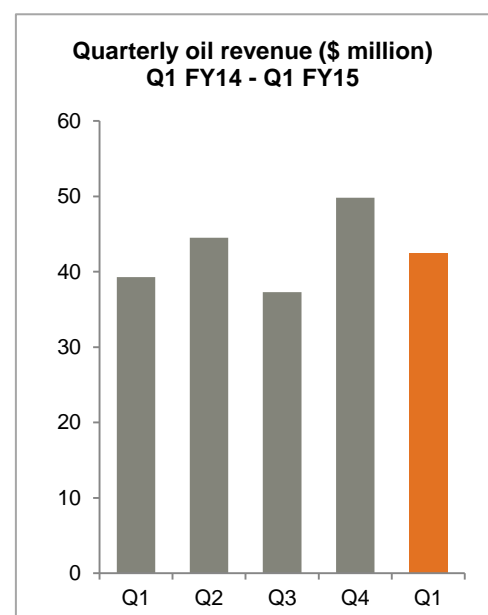
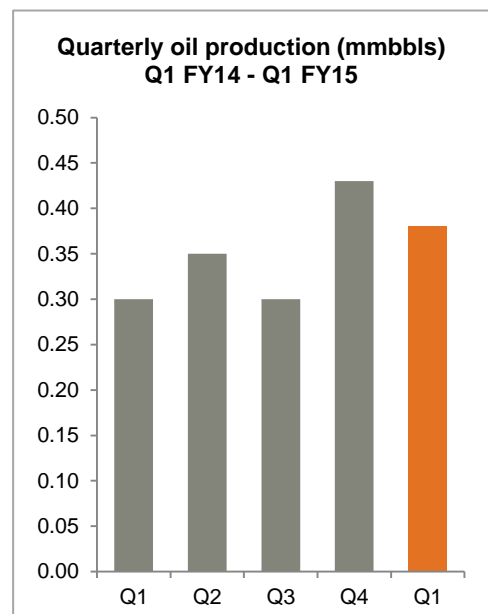
Sales revenue for the three months to 30 September 2014 of \$42.4 million represents a 14.9% decline on the prior quarter, on lower oil prices. Senex oil sales for the September quarter of 0.37 mmbbls were down 11.9% on the previous quarter.

The impact of a lower US dollar Brent oil price was partially offset by a favourable AUD/USD exchange rate.

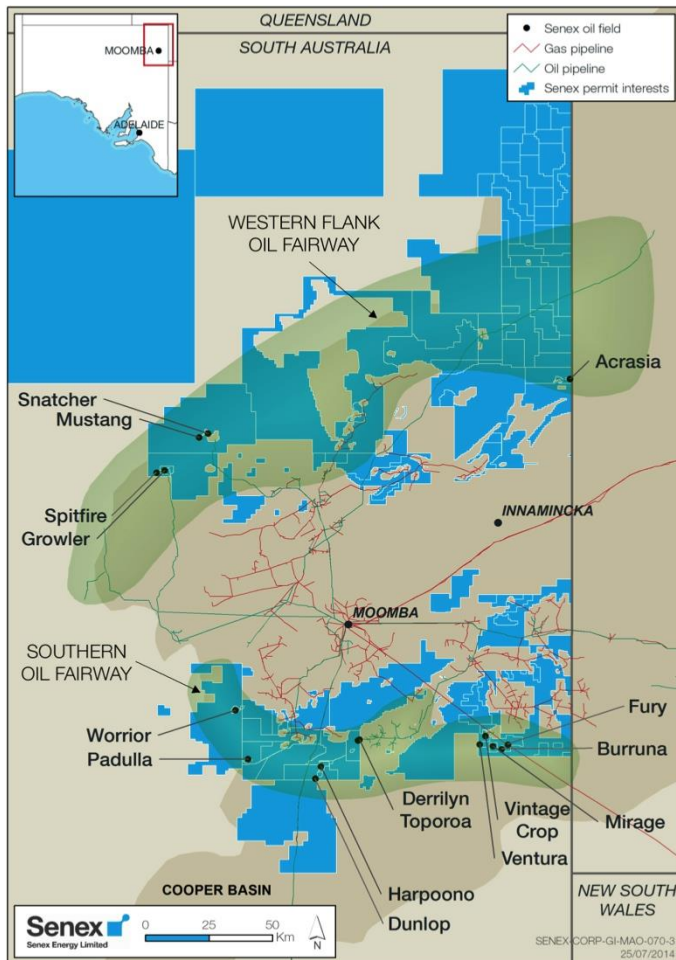
Field development

On the Spitfire oil field, the process of merging the Aquillus and Mollichuta 3D seismic data to identify further well locations is close to finalisation, and planning for further appraisal of a western extension of the Spitfire oil field continues.

On the Worrier oil field, the surface construction activity associated with the extended production test of the Patchawarra Formation at Worrier-10 was completed during the September quarter. Results from the flow test will inform decisions about the area extent, connectivity and gas content of the Patchawarra Formation. Follow up appraisal drilling is anticipated to commence in H2 FY15 following results of the flow back and seismic reprocessing.



Field development at Spitfire oil field



Oil exploration

3D seismic surveys

Work on the 140 km² Wilpinnie 3D seismic survey began in the September quarter, and is expected to be finalised in the December quarter. The survey is targeting Namur and Birkhead oil prospects and Patchawarra gas prospects west of the Dullingari oil field. Processing of the seismic data will commence in the December quarter. At the same time, Senex is working on gaining approvals from its JV partners to commence additional 3D seismic programs in the northern and western Cooper Basin. Senex is also reprocessing data from multiple existing 3D seismic surveys to delineate additional exploration and appraisal drilling targets.

Drilling

In the current financial year, Senex has drilled six wells in the Cooper Basin with one success, Martlet-1, which resulted in the discovery of a new oil field.

Martlet-1 intersected up to 6 metres of net pay in the Namur Sandstone. The well has been completed and flowed oil to surface on a short term test (due to capacity constraints) at the equivalent of 5,149 barrels of fluid and 2,596 barrels of oil per day. Production is expected to commence in December, with a field development plan following on from Martlet-1 to be undertaken in 2H FY15.

The northern drilling program commenced in the September quarter, following completion of the Dundinna and Cordillo 3D seismic surveys during FY14. The initial drilling campaign of up to eight wells is focusing on four-way dip-closed structures in the area. This initial drilling program is expected to provide some of the most meaningful exploration data collected to date in the northern Cooper Basin.

Subsequent to the end of the quarter the third well of the northern campaign, Bagheera East, was drilled and tested. Although unsuccessful in discovering moveable oil, hydrocarbons from mature source rocks in the Patchawarra Trough have migrated into the northern flank of the Cooper Basin beyond previously known limits, increasing the chance of new oil field exploration success with future drilling.



Martlet oil discovery

GAS BUSINESS

Hornet gas field

Construction of the water, condensate and gas separation equipment on the Hornet field and its connection via pipeline to the SACB JV network at the Allambi gas field is now substantially complete, with the facilities soon to be ready for commissioning. The two wells, Hornet-1 and Kingston Rule-1, are expected to be completed and brought into production for extended flow testing during the December quarter, with all gas produced sold into the SACB JV; Senex's first gas sales and an important milestone for the business.

Unconventional gas JV with Origin Energy

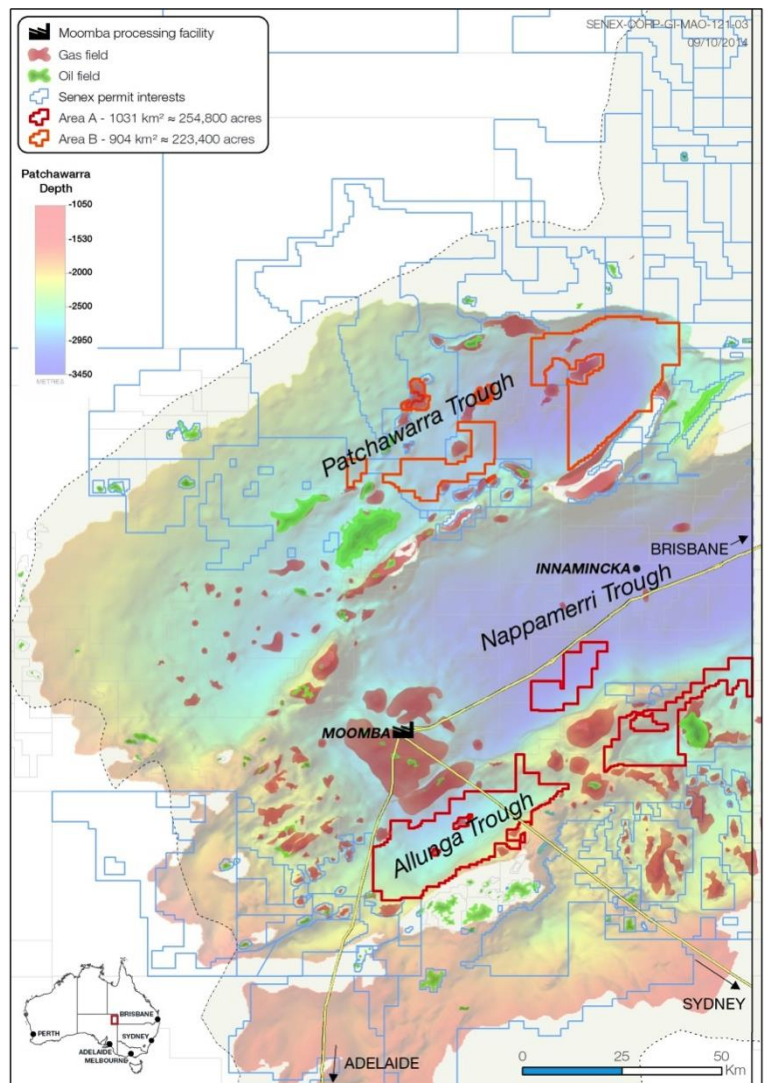
Detailed planning work has been underway following the satisfaction of all conditions precedent on our \$185 million farm-in transactions with Origin Energy in June 2014.

The Senex-operated JV is aligned and has finalised a plan for over 300 km² of 3D seismic to be acquired over Area A and Area B, with the program scheduled to commence in early 2015. Running in parallel are JV work streams on potential drilling locations and well design. Drilling is expected to commence in late FY15/early FY16, with fracture stimulation and flow testing to follow.

The broad work program aims to evaluate multiple play types in the Patchawarra and Allunga Troughs, including tight gas plays, basin centred potential, shales and deep coals. The characteristics of the targeted areas differ to those in the neighbouring Nappamerri Trough, with wells in the Allunga Trough being shallower and lower temperature. Wells in the Patchawarra Trough are expected to be similar depth to the Nappamerri Trough wells but have much lower temperatures and lower pressures, and are therefore less expensive and less technically complex. In addition, the areas are expected to exhibit lower CO₂ levels, and have gas, liquids and condensate potential.



Pipeline testing at Hornet gas field

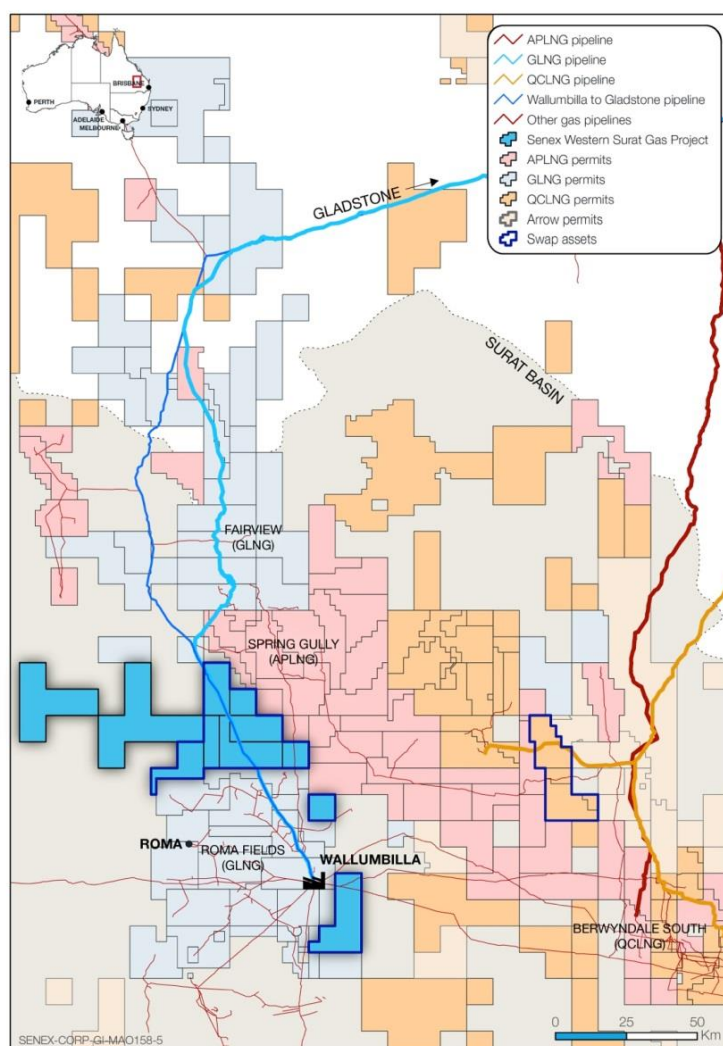


Western Surat Gas Project

In September 2014 Senex announced an asset swap with QGC, CNOOC and Tokyo Gas (**the QGC JV**) which secures Senex a material 100% owned Surat Basin gas project. Under the terms of the agreement, Senex will exchange its minority interests in QGC operated eastern Surat Basin gas permits for a 100% interest in, and operatorship of, three QGC JV western Surat Basin permits¹. On completion of the transaction, Senex will hold net 2P gas reserves of 83 mmboe, a net increase of 56 mmboe over reserves at 30 June 2014, independently assessed by NSAI and MHA.

Foreign Investment Review Board approval has been received, with completion conditional on the Queensland Government, and other regulatory approvals which are currently being sought.

Senex is currently building a dedicated team for this project, and has already commenced planning activities for community and landowner engagement, environmental baseline studies, subsurface modelling and initial pilot programs.



NEW VENTURES

Growing our oil and gas portfolio

Senex actively seeks to manage and grow its diversified portfolio of high quality oil and gas assets. In August, Senex was awarded two highly contested acreage positions in the Cooper Basin as part of the latest acreage release by the South Australian government. The new PELs (CO2013-A and D) extend Senex's South Australian Cooper Basin asset portfolio by over 3,000 km² and are extremely complimentary to the existing portfolio. CO2013-A is located on trend with the highly productive western flank oil play and CO2013-D is in close proximity to the Burruna oil field and production facility.

CORPORATE

Bundled services agreement

Senex has awarded Baker Hughes an exclusive three year well site services contract for operations in the Cooper Basin. The award of this agreement, following a highly competitive tender, will allow Senex access to Baker Hughes' world class people, technology and management processes, to increase efficiency and reduce costs across Senex operations. In addition, Senex and Baker Hughes will work collaboratively to actively exploit subsurface opportunities across the Senex portfolio.

¹ Senex will exchange its 20% interest in PL 171 and its 30% interest in ATP 574P for a 100% interest in ATP 767, ATP 795 and ATP 889.

FINANCIAL INFORMATION

At the end of the September quarter, Senex was in a strong financial position with cash reserves of \$69.4 million, and no debt. All current programs are fully funded. Major expenditure categories for the period are shown below.

Expenditure	September 2014 Quarter (\$ million)	June 2014 Quarter (\$ million)	Quarter on quarter change
Exploration and appraisal	18.5	10.2	81.4%
Development, plant and equipment	5.5	22.2	(75.2%)
Subtotal	24.0	32.4	(25.9%)
Acquisitions of additional JV interests	0.0	0.1	(100.0%)
Total	24.0	32.5	(26.2%)

GLOSSARY

\$ means Australian dollars unless otherwise stated

1P means proved (developed plus undeveloped) reserves in accordance with the SPE PRMS

2P means proved plus probable reserves in accordance with the SPE PRMS

3P proved, probable plus possible reserves in accordance with the SPE PRMS

ASX means the Australian securities exchange operated by ASX Limited ACN 008 624 691

ATP means authority to prospect granted under the *Petroleum Act 1923* (Qld) or the *Petroleum Gas (Production and Safety) Act 2004* (Qld)

Barrel/bbl means the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons

boe means barrels of oil equivalent. 1 boe = 6,000 standard cubic feet. Conversion of the gas reserves and resources from petajoules (PJ) into boe may vary due to differences in gas composition

bopd means barrels of oil per day

Cooper Basin means the sedimentary basin of upper Carboniferous to middle Triassic age in north east South Australia and south west Queensland

CSG means coal seam gas where gas is stored within coal deposits or seams

Eromanga Basin means the Mesozoic sedimentary basin covering parts of Queensland, the Northern Territory, South Australia and New South Wales

Exploration means drilling, seismic or technical studies to identify and evaluate regions or prospects with the potential to contain hydrocarbons

mmbbls means a million barrels

mmscfd means million standard cubic feet of gas per day

Net pay means the smaller portions of the gross pay that meet local criteria for pay, such as porosity, permeability and hydrocarbon saturation

PEL means petroleum exploration licence granted under the *Petroleum and Geothermal Energy Act 2000* (SA)

PJ means petajoule

PL means a petroleum lease granted under the *Petroleum Act 1923* (Qld) or the *Petroleum Gas (Production and Safety) Act 2004* (Qld)

Reserve means commercially recoverable resources which have been justified for development, as defined in the SPE PRMS

Senex means Senex Energy Limited ABN 50 008 942 827

SPE PRMS means the Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers

Surat Basin means the sedimentary basin of Jurassic to Cretaceous age in southern Queensland and northern New South Wales

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